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August 07, 2026

To
The Compliance Manager
BSE Limited
Corporate Relationship Dept.,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400001.

Scrip Code: 544419

To
The Manager, Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai 400 051.

Symbol: ARIS

Sub: Transcript of the earnings conference call for the quarter ended June 30, 2026

Dear Sir/ Madam,

We are enclosing herewith copy of the transcript of the Company's Q1 FY27 earnings conference call dated Thursday, August 06, 2026.

The transcript is also available on the Company's website under the Investors section at: https://aris.in/pages/investor-relations-financial-results

Further, please note that no unpublished price sensitive information was shared/discussed by the Company during the said earnings call.

You are requested to take the above information on record.

Thanking you,

Yours sincerely,

For Arisinfra Solutions Limited

KHARA BHAVIK JAYESH
Digitally signed by KHARA BHAVIK JAYESH
Date: 2026.08.07 19:51:25 +05'30'

Bhavik Jayesh Khara
Whole Time Director & CFO
DIN: 09095925

Place: Mumbai

Arisinfra Solutions Limited
(Formerly known as 'Arisinfra Solutions Private Limited')

Registered Office Address
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Arisinfra Solutions Limited

Q1 Analyst Call

Event Date/Time : 06/05/2026, 12.00 Hrs IST

Event Duration : 61 mins 50 secs

CORPORATE PARTICIPANTS:

Mr. Ronak Morbia

Chairman and Managing Director

Mr. Bhavik Khara

Whole-Time Director & Chief Financial Officer

Mr. Srinivasan Gopalan

Chief Executive Officer

Q&A PARTICIPANTS:

1	**Aakash Choudhry**	: Easy Equity.
2	**Agastya Dave**	: CAO Capital.
3	**Manish Kela**	: Swastik Investment.
4	**Sanchita Sood**	: Robo Capital.
5	**Akhilesh Rawat**	: Ridhanta Vision Pvt Ltd.

6	**Dharshil Jhaveri**	: Crown Capital.
7	**Ishit Desai**	: FOD Family Office.
8	**Disha Chordia**	: Sapphire Capital.
9	**Amit Mehendale**	: Robo Capital.
10	**CR Narayanan**	: Individual Investor.
11	**Siddhant**	: Individual Investor.

Moderator

Good afternoon, ladies and gentlemen. I'm Karthikeyan, moderator for the conference call. Welcome to the Q1 Analyst Call of Arisinfra Limited. As a reminder, all participants will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touch-tone telephone. Please note this conference is recorded.

I would now like to hand over the floor to Ms. Purvangi Jain from Valorem Advisors. Thank you, and over to you, ma'am.

Purvangi Jain

Thank you. Good afternoon, everyone, and a very warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the Investor Relations of Arisinfra Solutions Limited. On behalf of the company and Valorem Advisors, I would like to thank you all for participating in the company's earnings conference call for the first quarter of FY27.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs, as well as assumptions made by, and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decision.

The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review. Let me now introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks. We have with us Mr. Ronak Morbia, Chairman and Managing Director; Mr. Bhavik Khara, Whole-Time Director and Chief Financial Officer; and Mr. Srinivasan Gopalan, Chief Executive Officer.

Without any delay, I request Mr. Ronak to start with his opening remarks. Thank you, over to you, sir.

Ronak Morbia

Thank you, Purvangi. Good afternoon, everybody. It is a pleasure to welcome you all to the earnings conference call for the first quarter of FY27. In the interest of some of the people who may be new to the company. Let me first start by giving you a brief overview of the company, followed by the financial highlights, and operational highlights for the quarter under review.

India's construction ecosystem continues to present a large structural opportunity, driven by sustained infrastructure investments, urbanization, and increasing formalization of procurement processes. However, the industry still remains highly fragmented, with limited technology integration and operational inefficiencies across sourcing, execution, and working capital management.

Aris focused on solving these challenges by building an integrated execution and procurement network powered by technology, data intelligence, and disciplined operations. Aris is a tech-enabled construction materials and services company focused on simplifying procurement and execution across India's infrastructure and real estate ecosystem.

We operate an asset-light, network-driven model that integrates sourcing, contract manufacturing, logistics, technology, and project execution into a unified operating platform. Today, we serve over 3,400 customers through a network of 2,200-plus vendors across 23 states and union territories with more than 82% repeat order contribution, reflecting the strength of our execution capabilities and customer relationships.

Our business is built across three complementary segments, which together create a scalable and capital-efficient ecosystem. The first segment is our B2B supply business, which acts as the entry point to the network. Through this business, we provide developers and contractors with efficient procurement solutions across different construction materials. This segment is relationship-driven and helps us build transaction scale, pricing intelligence, and deeper customer engagement across regions. The segment contributed around 37% to our revenues in Q1 FY27.

The second segment is contract manufacturing, which has now become one of our key growth and profitability drivers. Under this segment, we secure production capacity through exclusive long-term partnerships with manufacturing plants without owning the assets ourselves. This allows us to benefit from manufacturing economics while maintaining an asset-light structure. During Q1 FY27, this segment contributed nearly 53% of revenues, underscoring its growing importance within our business mix and strengthening our supply capabilities.

The third segment is our services business, operated through the Developer as a Service, or DaaS model. Under this offering, we manage the entire project life cycle for developers, including procurement, project execution, funding coordination, sales, and collections. During the quarter, we secured a new DaaS mandate worth INR 650 crores from a leading developer in Mumbai, further strengthening our project pipeline.

As a result, our execution portfolio expanded to 10 active projects, with gross development value under execution increasing to over INR 1,800 crores, providing strong long-term revenue visibility. What is important to understand is that these three segments are deeply interconnected. The B2B supply business helps build customer relationships and network density, contract manufacturing improves supply control and profitability, while the services business drives higher-margin and long-term engagements.

Together, we create a powerful operating network with strong cross-selling opportunities, improving operating leverage, and increasing customer stickiness over time. With this, I now hand it over to Mr. Bhavik Khara, the Whole-Time Director and CFO of our company for the financial highlights for the period under review.

Bhavik Khara

Thank you, Ronak, and good afternoon, everyone. Let me take you all through the financial highlights for the period under review. For the quarter under review, the revenue from operations stood at INR 291 crores, registering a strong growth of 37% YoY. EBITDA for the quarter grew 68% YoY to INR 31 crores, with EBITDA margins improving by 191 basis points YoY to 10.49%. PAT stood at INR 20 crores, compared to INR 5 crores in the corresponding quarter of the previous year.

Alongside the profitable growth, we continue to improve our operating efficiencies and maintaining a strong balance sheet. Our net working capital days further improved to 56 days, compared to 66 days as of March 2026, demonstrating our continued focus on efficient working capital management. Our balance sheet remains robust with net debt-to-equity at just 0.02x, providing ample financial flexibility to support the future growth. On the return metrics front, the ROE stood at 17.16%, ROCE stood at 10.61%, reflecting our continued focus on profitable and capital-efficient growth. Thank you everyone.

With this, now I hand it over to Mr. Srinivasan Gopalan, our CEO of the company, to give operational highlights for the quarter under review.

Srinivasan Gopalan

Thank you, Bhavik. Good afternoon, ladies and gentlemen. Coming to the operational highlights for the quarter under review. Our contract manufacturing business maintained strong momentum during the quarter, with revenues growing 84% YoY. Now the contribution from this segment alone increased to 53% of the overall business in Q1 FY27. We delivered approximately 8.65 lakh metric tons of construction materials during Q1 FY27, supported by increasing utilization across our manufacturing partnerships and continued customer demand.

Another key highlight during the quarter was the continued scale-up of our asphalt business. Revenue from the segment increased to INR 53 crores in Q1 FY27 from INR 30 crores in Q4 FY26. The number of customers transacted also increased to 38 from 28 in the previous quarter, reflecting strong customer adoption and growing acceptance of our asphalt offering. Our DaaS platform, Developer as a Service business, also continued to scale meaningfully during the quarter. We secured a new DaaS mandate worth INR 650 crores from the Wadhwa Group in Mumbai, significantly strengthening our project pipeline and market presence.

As a result, our GDV under execution increased to INR 1,800 plus crores, compared to INR 1,250 crore at the year-end Q4 FY26, providing strong revenue visibility over the coming years. Customer retention also remained a key strength of our platform. Repeat orders improved to 82% compared to 78% in Q4 FY26, reflecting increasing customer confidence in our execution capabilities and the strength of our long-term relationships. Overall, these developments reinforce our strategy of building an integrated technology-led construction ecosystem.

As we continue to expand our product portfolio, manufacturing partnerships, and DaaS platform, we remain focused on delivering sustainable, profitable growth while maintaining capital discipline. Overall, we believe Aris is steadily evolving beyond the traditional construction materials business into a scalable network-led platform. Where technology, execution capability, and ecosystem relationships together create long-term value and sustainable growth. Thank you.

Moderator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on a telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. The first question comes from the line of Mahesh Tolani from Goquarter. Please go ahead.

Mahesh Tolani, your line is unmuted. Please go ahead with your question. There seems to be no response. We have the next question from Aakash Choudhry from Easy Equity.

Aakash Choudhry

Am I audible?

Ronak Morbia

Yes.

Aakash Choudhry

Yes. So, congratulations on a good set of numbers. I really like it. I just wanted to know, like, a few questions. I think we did an EBITDA of around 10.5%, and very well executed as per our last commentary you said. So, is this the new baseline we can set, maybe in the range of 10.5-11% going forward?

Ronak Morbia

Yes. I think it's important to understand what is driving this margin expansion. It's primarily a mix of increased revenue from our contract manufacturing and DaaS segment, and they are carrying meaningfully higher margins than B2B trade. Their combined share moved from about 46% to 63% as of Q1 FY27, and that's the main lever behind the EBITDA margin expanding. And we expect this to sustain for the next few quarters.

Aakash Choudhry

Got it. On a follow-up of that, so contract manufacturing as we are scaling, what I understood from the businesses, let's say there's three segments versus the B2B supply. So, we use those data and maybe kind of convert those few customers and sell them through contract manufacturing based on demand, and so, maybe convert few of them into DaaS services. Am I right?

Ronak Morbia

Yes. I would say that is one part of the story. It doesn't necessarily move from one step to the other. There are many B2B supply customers that we start serving from our contract manufacturing segment. But these three operate as individual segments, as well, because in B2B supply, we do almost all of the materials. In contract manufacturing, we do only stone aggregates, ready-mix concrete, and now asphalt as well.

Aakash Choudhry

Got it. Okay. And what part of the contract manufacturing, basically on the utilization front, how much headroom is still left? And maybe are we continuously doing more CapEx or more product where we are kind of have good margins just to get a go-forward basis understanding of how the things are left?

Ronak Morbia

Based on the annual capacity that we have in the revenue possibility. We are at a utilization of somewhere around 65-70% as on Q1 FY27. So, there is significant headroom for growth, and we are looking to add more capacity this year as well, not by adding more deposits, but recycling the current deposits.

Aakash Choudhry

Okay. So, what do you mean by recycling deposits?

Ronak Morbia

So whatever deposits we had given to lock in the multi-year capacity, which was about 90 lakh metric tons annually, we will be recycling those deposits, not adding more deposits, but using those same deposits to add more capacity. And we look to add about 2-3 million annual capacity this year, in the next two quarters.

Aakash Choudhry

Okay. And what is the base right now? Like what is the current capacity?

Ronak Morbia

It's about9 million annually.

Srinivasan Gopalan

So 9 million would typically become around 11 million tons without any CapEx or any kind of deposits.

Aakash Choudhry

Got it. So basically, this kind of gives us a hint that we are going into a huge demand cycle, and we are kind of tapping to those, right?

Ronak Morbia

Correct.

Aakash Choudhry

Got it. And one or two more last questions. Historically, I think Q1 and Q2, for most of the infra companies, are kind of lean, right? So how would you think about it for Aris? We are anyways going to cater a huge demand, which we can already see. And the expectation of is, like, kind of feel good about the 35-40%. So are we kind of increasing that guidance, or is it the same? Or what about the lean quarter versus lean overall year? I just want to get a flavor of that.

Ronak Morbia

Yeah. We would like to stick to the same guidance. It's more of a strategic play. The demand is huge. Obviously, our scale is negligible compared to the market size, but we will stick to the guidance that we have shared, about 35-40% annually.

Aakash Choudhry

And Q1 & Q2 being the lean quarters, and Q3 & Q4 being the more highly quarter.

Srinivasan Gopalan

Annually, we continue with our guidance of 35-40% growth. And typically, the first six months is around 40% of our sales, and the next six months are around 60% of us.

Aakash Choudhry

Got it. Thanks. That's all from my side. I'll come back in the queue. Thank you so much.

Ronak Morbia

Thank you.

Moderator

Thank you. We have the next question from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave

Thank you very much for the opportunity. Am I audible?

Ronak Morbia

Yes.

Agastya Dave

Good morning, everyone. Sir, I have three questions. One is, as you mentioned in the answer to the previous participant's question that the margin improvements are coming because of the mix changes. So, was there a substantial mix change between like sequentially QoQ?

Ronak Morbia

QoQ, not much. The revenue contribution remains almost the same.

Agastya Dave

Right. And sir, is there any particular quarter where we will see a quantum jump in the mix from? Let's say, because you have a fairly decent order book on that real estate vertical that you have, where you are offering the services, right? So, when will that ramp up, and when will we see substantial contributions to the EBITDA margins coming from that particular vertical?

Ronak Morbia

Yeah. It's more of a sustained growth journey rather than a one month or a one-quarter spike. These projects normally run a course of around 18-24 months. So, it will be spread across the business. We are already recording the revenues and profitability each quarter. So, it's going to be more of a sustained growth. You're already seeing the numbers that we're delivering.

Agastya Dave

Great, sir. So, you are fairly asset-light on the fixed asset side, but on the receivables and inventory side, I was just wondering, as the scale of the company goes up, how do they scale? Is there any significant increase in ROEs and ROCEs that you're expecting? And if so, what is the path from the balance sheet point of view?

Ronak Morbia

Yes. Absolutely. I mean, if you look at the receivables also, at the end of Q1 last year, YoY comparison, we've grown approximately 37% in terms of revenue, but the receivables grew just 15%. Receivables grew at less than half the pace of revenue, and that discipline held even as we grew every single quarter over the past year.

That's actually visible in our net working capital days, which has reduced from about 97 in the last quarter to about 56 days now. So, we don't expect the receivables to grow as much as the revenue, and that's something that we focus on when we actually look to scale in the coming quarters.

Agastya Dave

Sir, is this approximately 55-60 days number sustainable for the entire year?

Ronak Morbia

It will fluctuate a little bit QoQ. Usually, our Q1 is slow on inflows, but we still manage to kind of have good numbers. But I think steady state, look to be somewhere between 60-70 days on a net working capital cycle day. However, the focus will obviously be to improve it further.

Agastya Dave

Sir, great. If you can really improve that, then obviously the return ratios will really start to be fairly nice. One last clarification, sir. Over the years, we have had derivative losses, and also there have been a number of quarters in which we have recognized some credit losses.

So, what is the nature of these losses? And now that there is a substantial change in the business model, and there are other verticals which are also contributing, do you see the credit losses to be as a recurring thing? For example, you have added Tier-1 clients now, right? So, my guess would be that chances of credit losses would decline. But what's your take on it, sir? What is the expectation that we should build in?

Ronak Morbia

So, if you look at the lifetime revenue that we have done, it's close to about INR 3,800-4,000 crores. And the ECL that we have provided for till date is about INR 22 crores. It's just a little over 0.5%. As management, we believe that's a very good number to have. It's very controlled. And we just want to factor in for the uncertainties that may arise in the future. We are in a tough industry. So, all of these credit losses, we want to take a conservative approach, and that's what we've been doing, and we will look to do the same in the future.

Having said that, the quality of receivables has significantly improved in the last couple of years, and that's been the focus. That's what we've been doing, and we've added more and more stronger names to our customer list. And we just take a conservative approach when it comes to expected credit losses.

Agastya Dave

And then, generally, whenever credit loss does happen, what is the loss given default from the customer?

Ronak Morbia

Sorry, I didn't get that. Can you repeat it?

Agastya Dave

So, suppose there is an event where -- there is a credit event from the side of the customer, and you are owed, let's say, hypothetically INR 100 crores, and you have to somehow, the company is going for liquidation. So, in the worst-case scenario, what is the loss that we incur, loss given default from the end of the customer, LGD?

Ronak Morbia

Typically, the customer outstanding is about INR 25-50 lakhs. Whatever we can recover and the rest a complete loss. So that's how it works.

Agastya Dave

Generally, is it 33%, sir, 75%, 80%? How much do you recover?

Ronak Morbia

No, it depends on the ability to recover. I mean, we start the legal process. In some cases, we've been able to recover 25%. In some cases, we've been able to recover over 80% also. Most of our new receivables are also insured. So, we have recovered a heavy sum from insurance as well. That is the approach that we take for these receivables, yes.

Agastya Dave

Understood. Thank you very much, sis. And great quarter, sir. All the best.

Ronak Morbia

Thank you.

Moderator

Thank you. We have the next question from the line of Manish Kela from Swastik Investment. Please go ahead.

Manish Kela

Thank you. Am I audible?

Ronak Morbia

Yes.

Manish Kela

Yeah. So first of all, congratulations on the very good set of numbers in the last four quarters. My first question is a little bit long question, so please bear with me. So, on the previous calls, you've talked about supply chain financing. So, can you confirm as to how this works for your payables? What is the normal credit period that you get from your suppliers? Am I correct in assuming that when we make payments to these players through supply chain financing, we end up paying interest from our end as well?

What is the interest rate and the number of months forward, the interest is payable if at all any? Also, do we get any discount from our suppliers in the event we pay them early? To give you an example, let's say we pay them immediately through supply chain financing and say get 1% discount. I'm assuming that maybe 1% is the same interest that you would end up paying to these supply chain financing guys for securing credit. So, if you can please explain this entire piece.

Ronak Morbia

Yes. We've spoken about supply chain financing limits that we avail. Predominantly, how it works is exactly how you said. We partner with platforms or financial institutions. They will pay our vendors on day one, and we get a credit period of around 90 days to make those payments. Now, there are two things here. One is the interest payment that is borne either by us or by the vendors sometimes. That's a point that we continuously negotiate, and that keeps on changing. It's fluctuating.

But how we look at it and how we actually plan is much more important. It's not always about the interest cost that we can save or the discounts that we can get. We put cash flow at, it is our topmost priority. So we want to reach a stage where we conserve our capital. We keep the capital for events which can arise due to delayed payments, and we don't want to reach a situation where we are cash-strapped.

So we factor in the interest cost. We are okay paying the interest cost only to convert this model into more of a less working capital model. And we are in a position where the invested money is making substantial returns to offset the interest cost as well. So, this is, I would say, more of a strategy that we have implemented, and we will continue to do so.

Manish Kela

Yeah. And just to reconfirm, you said we do get discounts, right? Because we pay our suppliers early through the supply chain financing model?

Ronak Morbia

Yes. There is definitely a possibility of paying the vendors on day one and getting discounts. Some of those discounts are actually, you are seeing that in our numbers as well. This is a continuous journey. We will be looking to expand more on that in the coming quarters.

Manish Kela

Thank you, sir. And my second question is, under the DaaS model, are we turning into a real estate player? Because isn't it what we do the end-to-end stuff for some of the real estate projects, exposing us to the risks associated with the real estate sector? For instance, what happens in case of unsold projects for all the raw materials that you've supplied? Do you receive cash for you when the units are sold or how does it work?

Srinivasan Gopalan

No. So first, let me take the second question on when do we get paid. We get paid for the material supplies as and when the due dates are. So, if there is a 30-day credit period, 60 days credit period, it comes on time, and it is not dependent on the sale of the real estate. And coming on to your first question, we try to get all the benefits of real estate without two or three important things.

One is, we are not responsible for any regulatory challenges there. So, we are not a RERA promoter. We do not any monies borrowed, they are all on the developer's balance sheet, so we are not responsible for any repayment.

The good part is tying up in the entire life cycle is when we supply material, we know exactly the cash flow situation of the company, and that improves our credit worthiness and also our credit risk that we are taking on that company. So that is exactly what we do.

We get the benefits, and we reap the benefits where you can see that the DaaS model, the EBITDA levels are at 60-65% without any kind of real estate risk that we take. Other than, of course, being exposed to that industry. I mean, the industry, we are exposed to both infrastructure as well as real estate industry.

Manish Kela

So, because you also talked about the sale aspect of it, right, wherein you do for some of the projects, the end-to-end work. So, when it comes to sales, right? Is there a commission attached to it, or how does that part work? Because for the raw materials part, I understood.

Srinivasan Gopalan

Yeah. So, the DaaS model operates on two things. One is there is a fixed fee which comes every month, and then there is a percentage on the construction, and there is a percentage on sales. So, this is how the fees are actually deployed. So that's how the fees come in.

Manish Kela

Okay. So all your raw material costs, you would have recovered under the payouts which come under the raw material supply. Is that correct?

Srinivasan Gopalan

Absolutely. And all DaaS projects are yeah -- sorry.

Manish Kela

Yeah. Go ahead, sir.

Srinivasan Gopalan

All the DaaS projects, we ensure that there is financial closure on day one. So, it is not only the sales-dependent construction. Also, there will be bank loans which are in place on day one, so that the project gets completed. That is of utmost importance for a real estate company.

Manish Kela

Got it. What would be the maximum amount that we would want to commit, say, to a particular project under this segment?

Srinivasan Gopalan

So, first of all, we do not commit any kind of capital to these companies. We do not lend, our income is only by way of fees. Our investment is by way of the professionals that we deploy in these projects. So other than that, there is no other investment we have. It is a completely capital-light model. So, none of the capital is actually deployed for DaaS.

Manish Kela

Understood, sir. So, if you can squeeze in one last question, this is more of a feedback. You talked about strong traction, especially in the asphalt segment. Don't you think maybe competition is all yours and does increases the risk of competition, especially if you have this particular segment? Instead of maybe disclosing sales numbers, we can just say there was strong traction in that asphalt segment without disclosing the numbers. I know, you guys are the best judge, but that's a thought process because competition is definitely.

Srinivasan Gopalan

Point taken, sir. We are also learning, and thank you for the feedback.

Manish Kela

Thank you. And thank you once again for all the good performance that you guys have been doing. That's really commendable.

Srinivasan Gopalan

Thank you, sir.

Moderator

Thank you. We have the next question from the line of Sanchita from Robo Capital. Please go ahead.

Sanchita

Yes. Thank you for the opportunity. I just wanted to ask, what is our current debt level, and what kind of debt can we see in FY27 and FY28?

Bhavik Khara

So, our current net debt is about INR 14.5 crores. Our net debt-to-equity ratio is 0.02x only. In this financial year, we will like to grow this to about INR 75-80 crores and be conservative in terms of our net debt-to-equity. As we maintained before as well, we would like to keep our net debt-to-equity at par of 0.5 to 0.6, not more than that.

Sanchita

Okay. And, sir, my second question is regarding the services business. So, out of our total GDV that we have, what percentage of that do we book as revenue?

Srinivasan Gopalan

So, again, ma'am, if I disclose the percentages, probably we will be negotiating hard. The developers will be negotiating hard with us. So, we can take this offline, one-on-one, on what could be the percentage that we draw out of this.

Sanchita

Okay. All right. That's also mine. Thank you

Srinivasan Gopalan

Yeah.

Moderator

Thank you. Ladies and gentlemen, in the interest of time and fairness to all participants, we request you to restrict yourselves to two to three questions in the initial round and join back the queue for more questions.

Next question comes from the line of Akhilesh Rawat from Ridhanta Vision Private Limited. Please go ahead.

Akhilesh Rawat

Hello. Am I audible?

Ronak Morbia

Yes.

Akhilesh Rawat

So my first question is regarding your geographic mix. So, our most revenue is coming from Maharashtra and Tamil Nadu. Despite having presence in like almost 23 states and some 1,200 plus PIN codes. I just want to understand what kind of long-term plan you guys have to diversify this mix?

Is there any intentional bias, because of the more margin you are getting from these geographies? That's my first question.

Ronak Morbia

Definitely. I think the states or the PIN codes is just to give everyone an idea of how we can scale and how we can diversify. But at the same time, when we look at the material supply business, we always focus on areas where we are very, very strong on our supply network. That's why you see heavy concentration in the region of Tamil Nadu and Maharashtra. That's where we have most of our contract manufacturing plants, and that is where heavy construction work is happening in terms of real estate and infrastructure. So that's why the focus is here, where we can maximize our returns.

Akhilesh Rawat

So, are there any other states or other geographies where you will be focusing more in the upcoming years, like in the three to five years, you will see that there is a high demand in those area, and you will try to capture that demand and over the area. Are there any such areas or state them at any time?

Ronak Morbia

Yes. We will definitely looking to expand in other regions as well, but that's not a conscious effort or a strategy. We look at the current demand in our current regions. I mean, if you look at just the Tamil Nadu region, crores of tons is the demand, is the market opportunity annually is the same in Maharashtra as well. And we have very scratched surface in both these regions, even with the current scale that we have. So, it's not a conscious strategy. It depends on the kind of opportunity that comes across, and we will look to expand further in more regions in the coming few years.

Akhilesh Rawat

That's good, actually. My second question is regarding the INR 650 crore DaaS service platform. So since that business have, like, 50-55% EBITDA margin kind of thing. So now, when we will see the INR 650 crore coming in the quarter? In which quarter we will see this revenue coming in?

Srinivasan Gopalan

Most of these DaaS projects are between 18-24 months of completion, and all these DaaS revenues are already coming in. So, if you see this quarter, around INR 28 crores, which is approximately 10% of the top line has come from the DaaS platform. So, this will follow the pipeline that we have.

Akhilesh Rawat

And what kind of visibility do we see in the DaaS platform? Because it has more margin and, like, you have also said that you'll be maintaining that 11% of a sustainable margin. So, what kind of visibility do you have in terms of coming like the FY27 and FY28 from this segment? Where do you think this segment will be in terms of mix in our overall revenue mix, apart from those two services, like B2B and your construction?

Srinivasan Gopalan

Okay. So overall, we should be between 9-11% of the top line of the company. That is what DaaS would be. Number two is 9-11% is what we will be turning for. And given that the revenue would be growing 35-40%, DaaS would be following the same range.

Akhilesh Rawat

Thank you so much. All the very best for the upcoming quarter. That's it for my side.

Srinivasan Gopalan

Thank you.

Moderator

Thank you. We have the next question from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri

Hello. Thank you so much for taking my questions. Firstly, congratulations on the really great set of numbers, sir. I just wanted to know in terms, we have an easy day profitable quarter in Q1, and I think Q1 is usually a slower quarter. And you said that margins will be maintained, but ideally, I feel that margins with higher contribution of DaaS and everything coming up, it can keep on increasing, right, sir? So, what would you see it like this year and next year, sir?

Ronak Morbia

So it's hard to comment on hard numbers. But if you look historically also, the last four quarters that we had in the last financial year, we can look at the same kind of growth journey. Q1 is usually slow. That's not because the demand is slow, but it's just a strategic move, keeping the cash flows in mind. So we expect the next three quarters also to grow meaningfully. H1 and H2, as mentioned earlier, usually, we look at it as a 40-60 ratio, and that's something which we will kind of deliver in the next three quarters.

Darshil Jhaveri

So this profits are growing up in numbers, but would be higher in terms of percentage, than what it could be in Q1, right? If a 7% PAT in Q1, then I think towards the end of the run rate of Q4 would be a bit higher than that, right? That would be a fair way to look at it, right? The QoQ growth in profit margins.

Ronak Morbia

I mean, we look to sustain these numbers. We are very confident of sustaining these numbers. However, the focus is always on improving the profitability and improving the numbers

Darshil Jhaveri

That's really great to hear, sir. And sir, just wanted to know, like, DaaS, we've gotten quite good orders. So over the next two, three years, how do you look at this segment growing more? Like, I think you are pioneers in it. Do you think other people start coming into it? Or how do you look at it? There'll be ample of opportunity all over India about this, right? So, could you just brief on the next three years? I think this segment itself be as bigger what companies today, or how do you look at it, sir?

Srinivasan Gopalan

So right now, we have created an ecosystem for ourselves under DaaS. So, wherever there is money requirement, we are able to provide that material management. So those are the three mantras under which we go. So currently, we do not see anyone directly competing with this. But, of course, competition is always welcome.

It keeps us on our toes. The real estate market is huge, and especially the land availability in South, especially Bangalore, Chennai, Hyderabad, that is going to be our main focus. Right now, we are very skewed towards Bangalore and Mumbai. So, the market is huge, and we would as I said earlier, 9-11% of the turnover, we will tackle on well with the overall growth of the organization.

Darshil Jhaveri

So fair enough. That's it from my side. Thank you.

Ronak Morbia

Thank you.

Moderator

Thank you. Participants are requested to restrict yourselves to two to three questions in the initial round and join back the queue for more questions. Next question comes from the line of Ishit Desai from FOD Family Office. Please go ahead.

Ishit Desai

Yeah. Thank you for the opportunity and congratulations on a very good set of numbers. Back to the previous participant answer, you mentioned that the net debt position as of now is about INR 14 crore. And at the end of the year, we are expecting it to be around INR 75-80 crore. I mean, given that at 31st March, we were at about negative net debt of about INR 65 odd crore.

And this Q1 and we have added about, say, INR 75-80 crore of gross number of debt or maybe utilized cash, whichever way it would have been. So what gives us confidence that I mean, how actually the cash flow typically works for us to limit ourselves to INR 75-80 crores of net debt? Is that there are more recoveries as we move forward? So how do we see ourselves looking at that number?

Ronak Morbia

Yes. The inflows have been very, very strong. In the last financial year, we collected more than about INR 1,100 crores. We've been doing fantastically well on that front, and you can see the result in the reduction in our net working capital days. So, availing such working capital limits gives us more leeway in terms of the capital at disposal to tackle the 35-40% growth that we intend to target YoY.

So that's the reason. The inflows have been very, very strong, and this is not on the back of one good quarter, but also because it is a function of the quality of receivables now that we have on our books.

Ishit Desai

Understood, Ronak. I mean, just trying to understand that, is that Q2, Q3 typically are better in terms of collections or larger number in terms of collections and hence the net debt addition won't be very strong incrementally. Is that correct?

Ronak Morbia

Yeah, that's the right way to look at it. Q3 and Q4 are meaningfully better in terms of cash flows as well as revenues.

Ishit Desai

Understood. And just to understand on the ROCE and ROE numbers you mentioned in the presentation, so how exactly are we calculated for Q1 FY27? Is it on a trailing 12-month basis for the profitability?

Bhavik Khara

Yes. It is on the base of trailing 12 months.

Ishit Desai

And the capital employed as on 30th June, 2026, right

Srinivasan Gopalan

Yes.

Ishit Desai

Okay. Understood. So with this INR 75-80 crore of net debt, so incrementally, we will be then deploying about INR 150-160 crore of capital to generate that incremental INR 50-55 crore EBITDA we are talking about, right? So it's a fire higher incremental ROC as compared to what we have done historically. Is that the right understanding?

Bhavik Khara

Yeah. When the capital efficiency will come in terms of our receivables get better in Q3 and Q4, the requirement of cash obviously will come down. So the incremental capital required will go down, and hence the ROCE will get better in Q3, Q4.

Ishit Desai

Understood. And the second question is on the contract manufacturing side. You mentioned that we are expecting to increase the capacity from 9 million to 11 million. So, if you could help us understand what geography that would be, and what materials specifically you are adding capacity?

Ronak Morbia

Yes. This will be expansion again in the South Tamil Nadu region, and this will be predominantly in the group category stone aggregates

Ishit Desai

Aggregates, right. And lastly, on my side before I come back. So on the revenue concentration side, given that working capital receivable is an important aspect of this business, any understanding on, say, revenue contribution from top 3, top 5 customers concentration, if you could help us understand?

Ronak Morbia

Yeah. The top 10 concentration is about 45-50%.

Ishit Desai

Top 10, right?

Ronak Morbia

Yes.

Ishit Desai

That's a reasonably so try to assume that none of them are very meaningful overall context, I mean. We don't have dependability on us, one or two guys from a very large.

Ronak Morbia

Absolutely, not. I think it's important to understand that the top 10 customers are further spread across multiple different projects and different regions as well. So, the topmost customer, it's basically active in 15 plus project sites. So, the cash flows are not dependent at a customer level, but at a project level. So, it's well diversified even in the top 10 customer list.

Ishit Desai

And last one, I mean, second question. So on the DaaS part, Srini, if you could help us understand. I mean, we understand that in a public forum, we own a percentage of GDV. But if we were to look at traditional sales channel guys or guys who tend to look at it on a bulk basis, on a sales commission basis, right? What would be the typical commission they would earn? I'm sure given that our we are having much more value than them beyond sales, then we are our percentage would be higher. But a typical industry norm for a bulk sale commission, what would that normally for a percentage of GDV?

Srinivasan Gopalan

So there are different models that happen, but that is only sales. I mean, I want to reiterate that we are in the entire value chain. So that is very, very different from what they do. The sales channels that are available, they concentrate only on sales. So, they do not know the cash flows of the project. They do not know the health of the project. We actually deep dive into it. I just want to reiterate that for the understanding. Now, coming on to your specific question, the typical sales channels like a Guardians or

Anarock were only into sales. They would drop between 2-3% as a percentage. And if you look at a Zanadu or something, they would charge maybe 4-5%. So that is what they would do.

Ishit Desai

Sure. So there are precedencies of 3-5%, if we are then taking up a serious problem then, okay, fair.

Srinivasan Gopalan

No. That is only sales. So please understand in real estate, everything is so interconnected. So if someone is ready to pay only 3-5% only for sales, we provide significantly large value to these people saying that we will actually manage your project. We brush shoulders with the promoters. We do not deal with the sales heads. So that is a significant difference. And, obviously, more you go at the top, the more value you keep adding. You're not a vendor. You are a partner to them without having the liabilities of the partner.

Ishit Desai

That's exactly I wanted to understand that even if you are not adding value, if you can make --

Moderator

Sorry, to interrupt you Mr. Ishit Desai.

Ishit Desai

Just completing my questions, and then I'll move out. So that's exactly what I wanted to understand, Srini, is that even without any value addition, if you can make 3-5%, that means there is a case for a much higher percentage.

Srinivasan Gopalan

Yeah, yes.

Ishit Desai

Sure. That's it. Thank you so much, and all the best for the company.

Srinivasan Gopalan

Thank you.

Moderator

Thank you. The next question comes from the line of Disha Chordia from Sapphire Capital. Please go ahead.

Disha Chordia

Am I audible, sir?

Srinivasan Gopalan

Yes.

Disha Chordia

Yes. Thank you so much, sir, for this opportunity, and congratulations, sir, for a very good set of results. Firstly, sir, last time I think we spoke, you were targeting 55-60% from contract manufacturing. We're currently at 53%, sir. So, assuming we end this year at 55% sort of contribution, can we expect to reach 60% contribution from this segment in the next year? Will that be a fair understanding?

Ronak Morbia

Yes, absolutely.

Disha Chordia

Hello

Ronak Morbia

Yes, absolutely. We will look to achieve a 55 over 60% contribution in the coming months.

Disha Chordia

So, sir, that would mean our EBITDA margins can easily be 11% for the next year. I know you sir, we're not giving any guidance, but is that, like, is the direction where we're headed, is that understanding, correct?

Ronak Morbia

Directionally, yes. And I think historically, we have proven that, we're growing in terms of our EBITDA margins as and when we have improved our contribution for manufacturing as well as DaaS. So, it's an integrated model. Directionally, yes, that would be correct.

Disha Chordia

And sir, in the asphalt business, we've seen very good traction. What sort of revenue contribution are we expecting from this business for this year and for the next year?

Ronak Morbia

It's just been about six months, since we have started this business. We are looking at high-value projects in terms of for this particular product category. It's a little bit slower during the monsoon, because of the rains. We expect the Q3 and Q4 numbers to be meaningfully higher. So hard to put down numbers, but we expect the revenue contribution to be meaningful in this financial year.

Disha Chordia

Okay. That is very good to know. And so, given this new capacity addition that we're doing, post that, what is the sort of peak revenue Can you look at from the current asset base that we have?

Ronak Morbia

It all depends on the utilization. We can push harder, but it's more of a strategic call, and we like to stick to that. Sustainable growth is something that we definitely believe in. Right now, we are at utilization of about

65-70%. As in the current capacity that we have, which is about 9 million metric tons, about INR 900 crore of inventory.

Once we add that, we will look to increase and improve our utilization as well, thereby improving our contribution from contract manufacturing as well. So, it's an ongoing journey. Hard to put down numbers, but I think directionally, we'll be improving in terms of our capacity as well as contribution from contract manufacturing.

Disha Chordia

Okay. And just a last question, sir, from my side. When will this associate company be fully merged, sir, so that we do not have any minority interest? When will that be completed?

Bhavik Khara

Sorry. I didn't understand the question. Can you repeat it?

Disha Chordia

The associate company, when will that be fully merged with our operations

Bhavik Khara

Is this a subsidiary or the associate company?

Disha Chordia

Subsidiary?

Bhavik Khara

Subsidiary, yeah. So, we'll actually I don't know if you can comment on the timelines, because it's with regulatory bodies right now. But we're trying to push it as from our end how quickly we can, but it's in the process.

Disha Chordia

Okay. That's it.

Srinivasan Gopalan

The process has already started, and three out of the four regulators have already cleared it. We are at the last leg. However, the timeline obviously defined on procedures of the government, so that we won't be able to comment on, but we are at a very advanced stage.

Disha Chordia

Okay. That's it, sir, from my side. Thank you, and all the best.

Srinivasan Gopalan

Yeah. Thank you.

Moderator

You. The next question comes from the line of Amit Mehendale from Robo Capital. Please go ahead.

Amit Mehendale

Sir, my first question is on the DaaS revenue. Let's say we book, say, INR 10 crores of revenue for a certain project. Just wanted to understand how will it spread over, say, 24 months? I'm trying to understand the lumpiness in the revenue, if any?

Srinivasan Gopalan

No, sir. Honestly speaking, you need to look at the order book. Say the order book is INR 2,000 crores, and it is between, say, 18-24 months. So more often than not, it also follows a pattern of 40% in the first two quarters and 60% in the next two quarters. So, whatever the revenue for the year is so for example, we are at a run rate of, say, 28 into 4, right?

40% would come in Q1, Q2, and 60% in the second half. So the order book of, say, INR 1,800-19,00 crores that we have, which this will get exhausted over the next 24 months. The fee income coming out of this would get exhausted over the next 18-24 months starting immediately. I mean, it's already started. And then there will be new orders there's a --

Amit Mehendale

Sorry, interrupt. I was saying that, but there are also some milestone-based revenue, right? Because there is a, I think, milestone revenue on contract --

Srinivasan Gopalan

Yeah. The milestone happens every day. So, there is a new slab cast or there is something else that is happening on a daily basis. There is sales that is happening on a daily basis. Plus, there is a fixed fee, which is just a reflex of time. So, there is revenue constantly coming in through DaaS across the time frame.

Amit Mehendale

And there's also sales-related revenue. And let's say, ballpark, if we take it as 3%, 4%, 5%, that typically comes, I mean, does that also come on a monthly basis from a revenue recognition perspective?

Srinivasan Gopalan

Everything comes everything accrues to you on a real-time basis, and, obviously, the reconciliations happen at the end of every month with the developer.

Amit Mehendale

Right, sir. And on the sales, if we look at typically, Zenadu’s was or without taking names, I mean, there are agencies who are doing sales. And if you look at their data, right?

I see that their data are they get paid after six months, seven months, eight months. So how do we tackle that part? The payment cycle is pretty long there

Srinivasan Gopalan

So, the payment cycle could be between three to six months. You are correct on that. However, there is a huge difference between their debtors and our kind of debtors. In our case, we are adding value on a daily basis. There is they are appointed for a certain period of time with the target saying that you will sell 20% of my stock and you are out of this. So, we are not like that. We are continuously adding value at all sections of this, and that's why our debtors position are far better than this.

Amit Mehendale

Typically, what we have seen in those businesses, particularly, who are purely doing sales is that there is very little free cash flow. And there's a lot of working capital requirements for their business, and then it generates very little ROE or ROCE. And also, the cash flow gets stuck.

Srinivasan Gopalan

Yeah. You're comparing two different type of business models, sir. They are sales agents. They are sales aggregators. Their job is that they will actually coordinate with local brokers and then do the sales, on behalf of the company. We are not brokers. We are actually going through the entire life cycle of the project. It has got different elements, and sales is just one of the elements there. So, there is a big difference between what they provide and what we provide. So, their aim is to just sell, sell it whatever price.

I mean, some indications given with the developer and get on whether the collections come in, whether the collections don't come in. All of that are not looked into by them. They don't have visibility into all of those. So, I think there is a fundamental difference between, and I would not be able to compare and give you a reconciliation on that. They may have their own models.

What is their working capital need? I'm honestly surprised to know what could be their working capital. What is their revenue model? If they are completely based on only sales happening and collections coming, obviously, their debtors would be skewed towards longer cycle. However, if you have a model where you partner with them, you get X amount of fees on a monthly basis to take care of your working capital. What kind of working capital that you are putting in? Practically nothing.

Amit Mehendale

Sure, sir. Understood. And the last question on the same point is that for, do we have sales staff for doing sales, or is it a largely a B2B model?

Srinivasan Gopalan

It is purely B2B model, right? For example, if the company on the other side is, say, Harsh Greens or say, Wadhwa right, it's a B2B for us. My client is a Wadhwa or a developer like that.

Amit Mehendale

No. When we're selling to the end customer, are we doing B2C, like, reaching to the –

Srinivasan Gopalan

Of course, the B2C. That is B2C.

Amit Mehendale

Understood. Okay, sir. Thank you very much.

Srinivasan Gopalan

Thank you.

Moderator

Thank you. We have the next question from the line of R.K. Malik, an Individual Investor. Please go ahead. R.K. Malik, your line is unmuted. Please go ahead with your question. There seems to be no response.

We have the next question from CR Narayanan, an Individual Investor. Please go ahead.

CR Narayanan

Hello. Am I audible?

Srinivasan Gopalan

Yes.

CR Narayanan

Congratulations on a great set of numbers. One of the reasons, it's more a philosophy question. I think that the DaaS model that you guys' follow is fairly differentiated. You said that you're involved at every stage of a project with a developer, right from procurement of materials, planning, execution and then sales, and your read of the whole thing is much better.

And also, you have a fairly successful and a fairly thought, I mean, robust contract manufacturing led model. If you were to explore new geographies, from a philosophy standpoint, what is it that you would actually use as the selling point? I mean, you would put in a new geography basis your dashboard. Or as Ronak had mentioned a little while ago that contract manufacturing presence in a particular state.

Since then, they both have worked and they worked quite well. Going ahead, if you were to plan a strategy, it would be what, a more DaaS led model, which would then kind of and see if we can maximize across all revenue streams, which is contract manufacturing and other things with less? Or would you lead by contract manufacturing, and then say if can actually progress into other verticals as well?

Srinivasan Gopalan

So, basically, we fire from all cylinders, okay. So, contract manufacturing prospecting for that. So it follows a completely different sales cycle, and the DaaS model follows a completely different sales cycle. The good part is wherever there is a DaaS model happening, automatically, we keep looking for whether the vendor is good, the vendor not good. If the vendor is good, it's then when the contract manufacturing happens.

On the other hand, where the contract manufacturing is already happening, that model can be an add on there. So we keep all our options open. We fire with from all cylinders, and then the business happens that way.

CR Narayanan

Thank you. But, yes. Going beyond Tamil Nadu and Maharashtra, if you were to share some experiences and take, which has helped you gain more traction between these two. I understand both are explored.

Srinivasan Gopalan

Yeah. So if you look at our contract manufacturing locations, it is Maharashtra and Tamil Nadu. If you look at the DaaS model, it is Karnataka, Maharashtra, and Tamil Nadu. As I said, last year, our turnover was INR 1,050 crores. So, we have not even scratched the surface. We have the entire of India to explore. We know that we are adding value. We are consistently adding value. We want to be very cautious in our growth. So that's how we will move.

CR Narayanan

Thank you.

Moderator

Thank you. We have the next question from the line of Siddhant, an Individual Investor. Please go ahead. Siddhant, your line is unmuted. Please go ahead with your question.

Siddhant

Hello. Am I audible?

Srinivasan Gopalan

Yes, you are.

Siddhant

Yeah. Thanks for the opportunity to ask a question there. Sir, I actually wanted to understand a little more about the DaaS model. So from what I understood, the DaaS model is a highly lucrative segment for you where you kind of generate really high EBITDA margins of close to what, 55-60%. From your previous guidance and what you've said in this call earlier as well, I know that you mentioned that this segment is going to stay at around 10-11% of your overall top line. So what I want to understand is, like, why not we are trying to scale this up to, let's say, 15% or, let's say, 20% of the top line, given the dynamics of this business and our moat in this particular segment?

Ronak Morbia

Yes. So, it's not just about DaaS. If you look at all these segments, yes, it's not that we don't try to focus on increasing the revenue contribution. But as a guidance, we directionally, what we would like for the investors to understand is that we are in a position to sustain a revenue contribution of about 9-11% from DaaS and about, let's say, going up to about 60% from contract manufacturing. However, the focus will always be on improving and increasing that. If you consider the growth of around 35-40%, we are still growing meaningfully in both of these segments.

Siddhant

Got it. That's nice to know. And sir, on the top line side, so our guidance is to grow close to 35-40% for FY27. And is there any guidance for FY28 and FY29 as well, like going two or three years ahead? What's our target?

Ronak Morbia

Historically, we have grown in the last year also at that rate, and we would like to stick to about 35-40%, at least for this financial year. And we will look to give more guidance on next two years in the coming quarters.

Siddhant

Okay. Got it. So that's it from my side. Thank you.

Ronak Morbia

Thank you.

Moderator

Thank you. Due to the paucity of time, that was the last question for the day. I now hand the conference over to the management for their closing comments.

Ronak Morbia

Thank you, everyone. Thank you for joining today. And I hope we've answered all your questions. And look for some of you to join us in our journey. Thank you so much.

Moderator

Thank you, sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a pleasant day.

Note: 1. This document has been edited to improve readability

2. Blanks in this transcript represent inaudible or incomprehensible words